DIRECT TESTIMONY

of

Mike Luth
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Rates Department
Financial Analysis Division
Illinois Commerce Commission

Request for Approval of Revisions to Delivery Services Tariffs and for Approval of Delivery Services Implementation Plan for Residential Customers

Central Illinois Public Service Company, d/b/a AmerenCIPS
and
Union Electric Company, d/b/a AmerenUE

Docket No. 00-0802

April 20, 2001

<u>Witness Identification</u>

Q. Please state your name and business address.

A. Mike Luth, Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62794.

Q. What is your present position with the Illinois Commerce Commission?

A. I am currently a Rate Analyst in the Rates Department of the Financial Analysis Division. In that position, I review and analyze tariff filings by electric, gas, water and wastewater utilities with regard to cost of service and rate design. I make recommendations to the Commission on such filings and participate in docketed proceedings as assigned. In this docket, I evaluated the cost of service and rate design aspects of the Delivery Services Tariffs ("DST") filed by the Ameren operating companies Union Electric Company ("UE" or the "Company") and Central Illinois Public Service Company ("CIPS" or the "Company", UE and CIPS jointly "Ameren").

Q. Please state your professional qualifications and work experience.

A. I received a B.S. in Accounting from Illinois State University. I have earned the C.P.A and C.M.A professional designations. Since graduating, I have worked as an Assistant Property Manager with a real estate company and as a Field Auditor with the Wisconsin Department of Revenue. In October of 1990, I joined the Accounting Department of the Illinois Commerce Commission

("Commission"). In June 1998, I transferred from the Accounting Department of the Commission to the Rates Department.

Q. Have you testified in any previous Commission dockets?

A. Yes. I have testified on numerous occasions before the Commission.

Introduction to Testimony

Q. What is the subject matter of your testimony?

A. My testimony presents the results of my analysis of the Cost of Service Studies ("COSS") prepared by Ameren witness Difani (Ameren Exhibit Nos. 9.0, 9.2 and 9.3). Mr. Difani's COSS allocates distribution costs to rate classes, and classifies those costs as customer or demand-related for each rate class. As a result of my review, I recommend certain changes to the COSS prepared by Mr. Difani so that it is consistent with the allocation and classification of costs in Ameren's previous DST Docket No. 99-0121. My recommended changes to Mr. Difani's COSS affect the allocation of costs between rate classes, and also affect the classification of costs within the rate classes as customer or demand-related. I will discuss my recommended changes to Mr. Difani's COSS and also discuss the recommended rates that result from the revised COSS.

Q. Are you sponsoring any schedules as part of your testimony?

A. Yes, I am.

Schedule 1 Delivery Services Cost of Service Allocation Study

Schedule 2 Delivery Services Rate Design

Schedule 1 and Schedule 2 are prepared individually for CIPS and UE. CIPS schedules are identified by a -CIPS suffix and, similarly, the UE schedules are identified by a -UE suffix.

Q. Did the Company propose any charges that may affect your testimony and schedules?

A. Yes. While I am not addressing Ameren's proposed Rider SG, as discussed by Company witnesses Mill (Ameren Exhibit No. 2.0, pages 11 and 12) and Cooper (Ameren Exhibit No. 8.0, pages 22 and 23), Rider SG could affect the design of rates. Staff witness Haas discusses Rider SG. To the extent, if any, that Rider SG is authorized by the Commission, revenues from that Rider SG should be included in the design of rates, because Rider SG, if implemented, would represent a source of revenue for Ameren from its delivery services.

Q. What are differences between the DST rates that you are proposing and the rates that UE and CIPS are proposing?

A. The following table summarizes the differences between the rates that I am proposing and the rates that the Company is proposing[1]:

[1] Customer charges include metering rates, except residential rates which do not have metering rates. All Staff rates reflect the difference between Company and Staff proposed delivery services revenue requirement.

56 CIPS:

Delivery Services Rate Class	Company Rate	Staff Rate
Residential DS-1 customer charge	$ 17.08	$ 9.35
Residential DS-1 per-kWh	$ 0.0170	$ 0.0198
Secondary General Service DS -2 customer charge	$ 20.00	$ 13.30
Secondary General Service DS -2 per kWh	$ 0.0141	$ 0.0156
Primary General Service DS -2 customer charge	$ 240.00	$ 151.55
Primary General Service DS -2 per kWh	$ 0.0115	$ 0.0157
Secondary Large General Service DS-3 customer charge	$ 120.00	$ 141.01
Secondary Large General Service DS-3 per kW	$ 4.63	$ 4.6906
Primary Large General Service DS-3 customer charge	$ 242.00	$ 1,019.14
Primary Large General Service DS-3 per kW	$ 3.55	$ 3.0747
High Voltage Large General Service DS-3 customer charge	$ 1,271.00	$ 2,092.85
High Voltage Large General Service DS-3 per kW	$ 2.05	$ 1.2006
138 kV+ Large General Service DS-3 customer charge	$ 5,318.00	$ 6,470.63
138 kV+ Large General Service DS-3 per kW	$ 0.35	$ 0.2895

57 UE:

Delivery Services Rate Class	Company Rate	Staff Rate
Residential DS-1 customer charge	$ 16.94	$ 8.65
Residential DS-1 per-kWh	$ 0.0112	$ 0.0124

Delivery Services Rate Class	Company Rate	Staff Rate
Secondary General Service DS -2 customer charge	$ 23.43	$ 14.81
Secondary General Service DS -2 per kWh	$ 0.0091	$ 0.0099
Large General Service DS -3 customer charge	$ 161.44	$ 203.29
Large General Service DS -3 per kW	$ 2.96	$ 3.0135
Primary Large General Service DS-4 customer charge	$ 322.07	$ 1,149.86
Primary Large General Service DS-4 per kW	$ 1.53	$ 1.9915
High Voltage Large General Service DS-4 customer charge	$ 4,189.36	$ 6,582.10
High Voltage Large General Service DS-4 per kW	$ 1.15	$ 0.5321
138 kV+ Large General Service DS-4 customer charge	$ 2,339.48	$ 4,828.71
138 kV+ Large General Service DS-4 per kW	$ 0.99	$ 0.4852

Cost of Service Studies (“COSS”)

Q. Please describe Schedule 1, Delivery Services Cost of Service Allocation Study.

A. Schedule 1, Delivery Services Cost of Service Allocation Study presents my recommended adjustments to the COSS prepared by Ameren witness Difani. Schedule 1 is the summary of FERC account-by-account allocation of costs to delivery services rate classes.

Q. Please describe the differences between the COSS submitted by Ameren witness Difani and the COSS that you developed.

A. The most significant or recurring difference was in the treatment of several demand-related plant-in-service and expense accounts. Ameren treated several demand-related accounts as being partially customer-related, whereas I treated those accounts as being fully demand-related. Ameren's treatment of several demand-related accounts as being partially customer-related is not consistent with the Order in Ameren's DST Docket No. 99-0121 and the testimony supporting the conclusions in that Order

Q. What were the accounts where you revised Ameren's customer-related costs into demand-related costs?

A. The affected plant-in-service accounts are shown in the following table:

Account No.	Account Title
364	Poles, towers and fixtures
365	Overhead conductors and devices
366	Underground conduit
367	Underground conductors and devices
368	Line transformers
369-1	Overhead services
369-2	Underground services

The changes in cost allocation and classification of these plant-in-service accounts affected the allocation and classification of General Plant costs.

Affected operating and maintenance expense accounts are shown in the following table:

Account No.	Account Title
583-1	Overhead line expenses
583-2	Overhead transformer expenses

Account No.	Account Title
584-1	Underground line expenses
584-2	Underground line transformer expenses
593	Maintenance of overhead lines
594	Maintenance of underground lines
595	Maintenance of line transformers

The changes in cost allocation and classification of these operating and maintenance expense accounts affected the allocation and classification of account numbers 581, “Load dispatching”; 588, “Miscellaneous distribution expenses”, 590, “Maintenance supervision and engineering”; and 598, “Maintenance of miscellaneous distribution plant”.

Q. How did you revise Ameren’s customer-related costs into demand-related costs?

A. I revised the customer-related costs into demand-related costs in the appropriate accounts by determining a combined demand allocation factor for each account. The combined demand allocation factor revises the allocation of Ameren’s customer-related components of the affected accounts on the basis of the combined allocation of Ameren’s demand-related components of the same accounts. Using this method changes Ameren’s customer-related costs in the appropriate accounts into demand-related costs.

In the accounts where it is used, the combined demand allocation factor is determined on an account-by-account basis. For example, at CIPS for account no. 364, the combined demand allocation factor for rate class DS-1 is determined by taking the sum of the amounts allocated by CIPS allocation factors A.F.3, A.F.4 and A.F.5 for rate class DS-1 and dividing by the sum of the amounts to be allocated under the CIPS Total column by the A.F.3, A.F.4 and A.F.5 factors. The quotient for DS-1 is then multiplied by the amount to be allocated by the "Combined" factor under the CIPS Total. The same process is repeated for each rate class to allocate the full amount among all rate classes. The same process is used for each account where a "Combined" allocation factor is used, using the comparable amounts for those accounts.

For account numbers 368, 584-2 and 595, the combined allocation factor represents a repeat of the single Ameren demand allocation factor based upon secondary demand, and is labeled the same rather than labeling it "Combined". The same allocation factor is used in these accounts because there is only one demand allocation factor for the account, so there is no need to weight the underlying demand allocation factors, as is the case with account numbers 364, 365, 366, 367, 593 and 594 where the combined demand allocation factor is labeled "Combined".

Q. Did you change the Ameren demand allocation factor in any accounts?

A. Yes, I did. For plant-in-service account numbers 369-1, "Overhead services" and 369-2, "Underground services"; I used a services allocation factor. The services allocation factor that is used in the COSS that I prepared in this docket has the same class percentages as the services allocation factor determined in the last Ameren DST Docket No. 99-0121. A services allocation factor was used in that docket for these accounts, and it should be used in this docket because account nos. 369-1 and 369-2 record Services costs.

For the operations and maintenance expense account no. 589, “Rents”, I used the overall allocation of Distribution Plant among the rate classes as an allocation factor for account no. 589. This is the same allocation factor that was used in the last Ameren DST docket, and it is appropriate for use in this docket because this account record payments for rent of property, owned by parties other than Ameren, for use by the distribution system. If Ameren owned the property, the property would be recorded as a plant-in-service item, so an allocation factor based upon how the distribution plant-in-service is allocated is appropriate for account no. 589.

Q. What are the effects of revising customer-related components of certain accounts into demand-related components?

A. The process of revising customer-related costs into demand-related costs affects not only allocation of costs among rate classes, but also affects rate design. Since I used a different allocation factor for some of Ameren’s customer-related costs, there are some differences in costs allocated to the rate classes. Rate design is affected because demand-related costs are recovered from demand-related charges on a per-kW of demand or per-kWh of use basis, rather than a fixed monthly charge that is used to recover customer-related costs.

Q. What assumption results in the difference between Ameren's treatment of the costs recorded in several FERC accounts as being partially customer-related, compared to Staff's handling of those costs as being demand-related?

A. The difference between Ameren and Staff on the treatment of costs as being customer-related and demand-related results from Ameren's application of the zero-intercept method of determining customer costs.

Q. Has the zero-intercept method been brought before the Commission previously?

A. The zero-intercept method was rejected by the Commission in the last Ameren DST Docket No. 99-0121 (Order, Docket No. 99-0121, page 71). The Commission's Order on Docket No. 99-0121 references other dockets where the Commission also rejected the zero-intercept method. Those dockets are Docket Nos. 91-0010, 90-0007 and 88-0277.

Use of the Staff method of differentiating customer and demand-related costs, which was approved by the Commission in the Order in Ameren's previous DST Docket, recognizes demand differences in the use of the distribution system and allows the Company to recover its delivery services revenue requirement. Unlike the zero-intercept method, the Staff method charges customer classes according their use of the distribution system, rather than charging each customer class according to some complex, yet vague determination of the how the distribution system is available for their use. It is appropriate to use the same approved Staff method in this docket.

Q. Did you change the classification of costs for any FERC account numbers without changing the allocation among rate classes?

A. Yes, I did. The following customer-related FERC accounts were classified as demand-related FERC accounts by Ameren: Plant-in-service account number 371, "Installations on customer premises"; and operating and maintenance expense account number 587, "Customer installations expenses". In the previous Ameren DST dockets, there were no costs resulting from account numbers 371 and 587, but the Staff COSS used a classification factor that was the same as was used for meters. The meters classification factor is customer-related, not demand-related. The classification of account numbers 371 and 587 as customer-related is appropriate because costs recorded in these accounts result from installations on customer premises. Since the equipment and costs recorded in these accounts are not part of the common distribution system and are affected by the use of individual customers, it is appropriate to charge these costs as part of the customer charge, rather than a demand-related charge. In this docket, costs recorded in account numbers 371 and 587 affect only DS-3 customers and the Special Contract customer to a small extent at CIPS, and also affects UE DS-4 customers.

Q. Was there any difference in how you allocated Administrative and General ("A&G") expense account numbers 920-935 and how Ameren allocated the same accounts among rate classes?

A. I allocated A&G expenses according to overall distribution and delivery services customer costs, which differs from Mr. Difani's allocation based upon labor costs. The allocation of these accounts in the previous DST Order had a few variations between A&G accounts, but for the most part were allocated on an overall expense basis, which is similar to the method that I am using in Schedule 2 in this docket. Since Mr. Difani's COSS grouped A&G accounts into a single line item, it is appropriate to allocate the entire group of A&G expense based upon an overall operations and maintenance expense factor.

A labor factor was used in Ameren's DST Docket No. 99-0121 to categorize, or functionalize, A&G expenses among the generation, transmission and distribution functions (Order, Docket No. 99-0121, page 43), but the Staff method of interclass revenue allocation was used to allocate costs among rate classes (Id, page 73). The Staff overall operations and maintenance expense interclass revenue allocation factor for A&G expense that I used in the COSS that I prepared is consistent with the Order in the last DST docket and is appropriate in this docket.

Rate Design

Q. Please describe Schedule 2, Delivery Services Rate Design.

A. Schedule 2, Delivery Services Rate Design, develops and presents Staff's recommended rates for the Ameren delivery services rate classes. All rate classes have both a fixed monthly customer-related charge and a variable demand-related charge. The calculation of each charge is straight-forward: Class revenue requirement divided by class billing units. For the COSS that I prepared (Schedule 1), the base revenue requirement to be allocated among the delivery services rate classes was the revenue requirement calculated by Ameren in the filing initiating this docket. To develop Staff-recommended rates, I first prepared Schedule 1, Delivery Services Cost of Service Allocation Study. On Schedule 1, I allocated total CIPS and UE-proposed delivery services revenue to the respective delivery services rate classes. The cost allocations among rate classes and cost classifications developed in Schedule 1 are carried forward in summary to Schedule 2. Customer-related and demand-related revenue requirement for each rate class is developed in the workpapers supporting Schedule 1, Delivery Services Cost of Service Allocation Study. Unadjusted Company revenue requirement for each class is classified into either customer-related or demand-related costs. Customer-related costs are charged according to a monthly fixed customer charge. Demand-related costs are charged per-kW of demand or per-kWh of usage depending upon the metering specifications for the rate class. Billing units for both the customer charge and the demand charge are the same as those shown by Ameren witnesses Mill (Ameren Exhibit No. 2.4, page 1 of 2 for CIPS billing units) and Cooper (Ameren Exhibit No. 8.4, page 1 of 2 for UE billing units).

Next, I developed a Staff Revenue Requirement Adjustment Factor through the division of total Staff revenue requirement by the Company's proposed revenue requirement, separately determined for CIPS and UE. The Staff Revenue Adjustment Factor converts my allocation of customer costs (revenue requirement) among the customer classes, from being based upon Ameren's proposed revenue requirement to being based upon Staff's proposed revenue requirement. The separate Staff Revenue Requirement Adjustment Factors for CIPS and UE were then applied to the combined customer charges (includes meter charge) and the demand charges for the appropriate Company for each rate class. After application of the Staff Revenue Requirement Adjustment Factor, the combined customer charge is reduced by the current metering charge for each rate class, resulting in the customer charge for delivery services for each rate class, similar in format to Ameren's proposed rates.

Q. What metering services charges has Ameren proposed for its non-residential customer classes?

A. In Ameren Exhibits 2.5 and 8.5 Ameren witnesses Mill and Cooper present the proposed monthly meter charges for CIPS and UE.

Q. How did the Company develop their proposed meter charges?

A. Neither Ameren witness discusses the development of the proposed meter charges. However, from the exhibits, it appears that both CIPS and UE have simply proposed the meter charges that are currently in place for their respective customer classes, with the exception of CIPS Special Contract customer class, for which Mr. Mill is proposing a meter charge of $141.76. Although this proposed meter charge of $141.76 is 4 times larger than the $35.44 meter charge for the next largest customer class, Mr. Mill does not provide any explanation as to how this was derived.

Q. What is your recommendation for meter charges for the non-residential customer classes?

A. Because the Company has proposed new delivery services rates based on 1999 test year costs, it is appropriate that new meter charges should also be based on 1999 test year costs. Cost of service principles dictate that all customer class charges should be developed from only one test year. As proposed, the Company has developed its meter charges on the 12-month (October, 1997 - September, 1998) test year costs used in the Company's previous delivery services docket, 99-0121, and the meter unbundling docket, 99-0013, while all other rates have been developed from the 1999 test year costs. In addition, the Company has proposed new customer classes that are different from those currently in place, which raises an additional obligation on the Company to develop more appropriate meter charges for each customer class.

New meter charges for each non-residential customer class should be developed to comply with the Order in Docket No. 99-0013, with particular attention paid to implementation costs for unbundling meter services. The Order in Docket No. 99-0013 directed Ameren to include its approved implementation costs and " . . . to revise its tariffs to reflect the recovery approach adopted herein." (Order, Docket No. 99-0013, page 33). The recovery approach discussed in the Order was intended to be temporary, and in place only until Ameren filed new delivery services rates. At the time of filing new delivery services rates, implementation costs for unbundling metering would be recovered through the appropriate ratemaking process. Since Ameren filed new delivery services rates to commence this docket, Ameren should provide and adequately support these new meter charges in its rebuttal testimony, which I will then review and comment on in my rebuttal testimony.

Q. Do you have any comments on Ameren witness Mill's description of the Company's proposal to specifically determine rates on a case-by-case basis for future 138 kV delivery services customers?

A. Yes. It is clear that this type of customer is out-of-the-ordinary since there is only one such customer at CIPS, and two at UE. If another 138 kV customer is added to the CIPS or UE distribution system, the proposed rate should be reviewed and approved by the Commission.

Q. Does this conclude your direct testimony?

A. Yes, it does.

AmerenCIPS
Delivery Services Rate Design
For the pro forma test year ended December 31, 1999

	DS-1	DS-2 (secondary)	DS-2 (primary)	DS-3 (secondary)	DS-3 (primary)	DS-3 (HV)	Lighting	Special Contract	Total
Customer Charge									
Total Revenues	$ 35,003.863	$ 7,395.603	$ 201.287	$10,073.649	$ 4,184.643	$ 508.303	$ 859.709	$ 86.292	$ 58,313.35
Less: Other Revenues	(422.319)	(111.654)	(3.541)	(38.997)	(12.102)	(5.947)	(0.115)	-	$ (594.67)
Base Revenues	$ 34,581.545	$ 7,283.949	$ 197.747	$10,034.652	$ 4,172.541	$ 502.357	$ 859.594	$ 86.292	$ 57,718.68
Divided by:									
Billing Units	3,317,340	492,420	1,176	64,032	3,684	216		12	
	$ 10.42	$ 14.78	$ 168.42	$ 156.71	$ 1,132.61	$ 2,325.73	#DIV/0!	$7,191.04	
Staff Revenue Requirement Adjustment Factor	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	
Combined Customer Charge	$ 9.35	$ 13.30	$ 151.55	$ 141.01	$ 1,019.14	$ 2,092.85	#DIV/0!	$6,470.63	
Less: Metering Charge	- (2)	(4.35)	(27.28)	(25.35)	(35.44)	(35.44)		(35.44)	
Customer Charge per month	$ 9.35	$ 8.95	$ 124.27	$ 115.66	$ 983.70	$ 2,057.41	#DIV/0!	$6,435.19	
Revenue Recovery	$ 31,017,129 (3)	$ 6,549,186 (3)	$ 178,223 (3)	$ 9,029,152 (3)	$ 3,754,512 (3)	$ 452,056 (3)		$ 77,648 (3)	$ 51,057,905
Staff Customer-related Revenues	$ 31,117,127 (4)	$ 6,554,234 (4)	$ 177,936 (4)	$ 9,029,369 (4)	$ 3,754,531 (4)	$ 452,030 (4)		$ 77,648 (4)	$ 51,162,875
Excess/(Deficit)	$ (99,998)	$ (5,048)	$ 287	$ (217)	$ (19)	$ 26		$ (0)	$ (104,970)
Demand Charge									
Total Revenues	$ 65,170.724	$ 17,306.222	$ 539.510	$25,974.329	$13,671.803	$1,349.554	$5,134.747	$ 260.439	$ 129,407.33
Less: Other Revenues	(2,958.406)	(779.431)	(21.818)	(1,056.493)	(564.173)	(57.360)	(197.801)	(0.080)	$ (5,635.56)
Base Revenues	$ 62,212.318	$ 16,526.790	$ 517.692	$24,917.836	$13,107.630	$1,292.194	$4,936.946	$ 260.360	$ 123,771.77
Divided by:									
Billing Units	2,831,848,723	954,270,314	29,584,264	4,780,104	3,836,004	968,422		809,274	
	$ 0.0220	$ 0.0173	$ 0.0175	$ 5.2128	$ 3.4170	$ 1.3343	#DIV/0!	$ 0.3217	
Staff Revenue Requirement Adjustment Factor	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	0.89982 (1)	
Energy or Demand Charge	$ 0.0198 per kWh of Energy	$ 0.0156 per kWh of Energy	$ 0.0157 per kWh of Energy	$ 4.6906 per kW of Demand	$ 3.0747 per kW of Demand	$ 1.2006 per kW of Demand	#DIV/0! per kW of Demand	$ 0.2895 per kW of Demand	
Revenue Recovery	$ 56,070,605	$ 14,886,617	$ 464,473	$22,421,556	$11,794,561	$1,162,687		$ 234,285	$107,034,784
Staff Demand-related Revenues	$ 55,979,818 (3)	$ 14,871,118 (3)	$ 465,829 (3)	$22,421,539 (3)	$11,794,493 (3)	$1,162,740 (3)		$ 234,276 (3)	$106,929,814
Excess/(Deficit)	$ 90,786	$ 15,499	$ (1,356)	$ 17	$ 68	$ (53)		$ 8	$ 104,970
Customer and Demand Revenue Recovery	$ 87,087,734	$ 21,435,803	$ 642,696	$31,450,708	$15,549,073	$1,614,743		$ 311,932	$158,092,689
Staff Revenue Requirement	$ 87,096,945 (4)	$ 21,425,352 (4)	$ 643,765 (4)	$31,450,908 (4)	$15,549,024 (4)	$1,614,770 (4)		$ 311,924 (4)	$158,092,690
Excess/(Deficit)	$ (9,211)	$ 10,451	$ (1,069)	$ (200)	$ 49	$ (27)		$ 8	$ (0)

(1)	Staff Revenue Requirement	$ 168,914,000
	Divided by: Company Revenue Requirement	$ 187,720,000
	= Staff Revenue Requirement Adjustment Factor	0.89982

(2) Unbundled Metering is not currently available to DS-1 customers.
(3) Base Revenues x Staff Revenue Requirement Adjustment Factor
(4) = (Customer-related Base Revenue + Demand-related Base Revenue) x Staff Revenue Conversion Factor

AmerenCIPS
Delivery Services Rate Design
For the pro forma test year ended December 31, 1999

	DS-1	DS-2 (secondary)	DS-2 (primary)	DS-3 (secondary)	DS-3 (primary)	DS-3 (HV)	Lighting	Special Contract	Total
Customer Costs									
Rate Base	$ 24,401.37	$ 5,477.73	$ 197.52	$ 2,460.37	$ 579.84	$ 342.32	$ 68.82	$ 79.75	$ 33,607.74
ROR	0.09746	0.09746	0.09746	0.09746	0.09746	0.09746	0.09746	0.09746	
Net Operating Income	$ 2,378.16	$ 533.86	$ 19.25	$ 239.79	$ 56.51	$ 33.36	$ 6.71	$ 7.77	$ 3,275.41
Income Taxes	$ 1,151.88	$ 258.58	$ 9.32	$ 116.14	$ 27.37	$ 16.16	$ 3.25	$ 3.76	$ 1,586.47
Operating and Maintenance Expenses	$ 31,473.83 (1)	$ 6,603.16 (1)	$ 172.71 (1)	$ 9,717.72 (1)	$ 4,100.76 (1)	$ 458.78 (1)	$ 849.75 (1)	$ 74.76 (1)	$ 53,451.47
Total Revenues	$ 35,003.86	$ 7,395.60	$ 201.29	$ 10,073.65	$ 4,184.64	$ 508.30	$ 859.71	$ 86.29	$ 58,313.35
Demand Costs									
Rate Base	$ 183,792.80	$ 48,672.54	$ 1,488.00	$ 72,753.05	$ 37,557.21	$ 3,739.92	$11,556.50	$ 739.84	$ 360,299.87
ROR	0.09746	0.09746	0.09746	0.09746	0.09746	0.09746	0.09746	0.09746	
Return	$ 17,912.45	$ 4,743.63	$ 145.02	$ 7,090.51	$ 3,660.33	$ 364.49	$ 1,126.30	$ 72.10	$ 35,114.82
Income Taxes	$ 8,676.01	$ 2,297.60	$ 70.24	$ 3,434.33	$ 1,772.90	$ 176.54	$ 545.53	$ 34.92	$ 17,008.09
Operating and Maintenance Expenses	$ 38,582.27	$ 10,264.99	$ 324.25	$ 15,449.48	$ 8,238.58	$ 808.52	$ 3,462.92	$ 153.41	$ 77,284.42
Total Revenues	$ 65,170.72	$ 17,306.22	$ 539.51	$ 25,974.33	$ 13,671.80	$ 1,349.55	$ 5,134.75	$ 260.44	$ 129,407.33
Combined Revenue Requirement	$ 100,174.59	$ 24,701.82	$ 740.80	$ 36,047.98	$ 17,856.45	$ 1,857.86	$ 5,994.46	$ 346.73	$ 187,720.68
(1) Operating and Maintenance Expenses									
CUSTOMER-- DISTRIBUTION, CUSTOMER AND A	$ 27,933.00	$ 5,752.76	$ 149.91	$ 9,194.28	$ 3,959.59	$ 418.49	$ 830.95	$ 64.88	$ 48,303.87
DEMAND -- DISTRIBUTION, CUSTOMER AND A	$ 16,089.66	$ 4,276.44	$ 144.33	$ 6,466.26	$ 3,650.93	$ 403.11	$ 1,595.98	$ 56.32	$ 32,683.04
CUSTOMER -- DEPRECIATION AND AMORTIZAT	$ 2,162.83	$ 560.59	$ 14.31	$ 273.71	$ 51.51	$ 23.84	$ 7.90	$ 5.93	$ 3,105.21
DEMAND -- DEPRECIATION AND AMORTIZAT	$ 16,369.63	$ 4,348.26	$ 131.65	$ 6,555.01	$ 3,342.24	$ 293.01	$ 1,353.84	$ 71.56	$ 32,460.61
CUSTOMER -- NET RATE BASE	$ 24,401.37	$ 5,477.73	$ 197.52	$ 2,460.37	$ 579.84	$ 342.32	$ 68.82	$ 79.75	$ 33,548.85
DEMAND -- NET RATE BASE	$ 183,792.80	$ 48,672.54	$ 1,488.00	$ 72,753.05	$ 37,557.21	$ 3,739.92	$11,556.50	$ 739.84	$ 360,358.76
REAL ESTATE & PROPERTY TAXES	$ 6,268.52	$ 1,661.40	$ 49.55	$ 2,304.95	$ 1,148.02	$ 109.38	$ 444.32	$ 25.98	$ 12,012.12
CUSTOMER	$ 734.70	$ 168.06	$ 5.81	$ 75.40	$ 17.45	$ 9.17	$ 2.63	$ 2.53	$ 1,023.06
DEMAND	$ 5,533.82	$ 1,493.34	$ 43.75	$ 2,229.55	$ 1,130.56	$ 100.21	$ 441.69	$ 23.45	$ 10,989.06
CUST. -- DISTRIB., CUST. AND A&G LABOR	$ 9,274.16	$ 1,872.39	$ 45.49	$ 3,005.35	$ 1,218.21	$ 126.52	$ 122.85	$ 20.68	$ 15,685.65
DEMAND. -- DISTRIB., CUST. AND A&G LABOR	$ 8,493.63	$ 2,260.15	$ 76.59	$ 3,424.87	$ 1,937.47	$ 211.65	$ 1,061.47	$ 30.33	$ 17,496.17
PAYROLL TAXES	$ 1,232.46	$ 268.71	$ 7.21	$ 373.00	$ 187.05	$ 19.47	$ 79.67	$ 3.49	$ 2,171.05
CUSTOMER	$ 643.30	$ 121.75	$ 2.69	$ 174.33	$ 72.21	$ 7.28	$ 8.26	$ 1.41	$ 1,026.30
DEMAND	$ 589.16	$ 146.96	$ 4.52	$ 198.67	$ 114.84	$ 12.18	$ 71.41	$ 2.08	$ 1,144.76

(2) = Customer + Demand

AmerenUE
Delivery Services Rate Design
For the pro forma test year ended December 31, 1999

Line No.		DS-1	DS-2	DS-3	DS-4	DS-4 (HV)	DS-4 (HV 2)	Lighting	Total
	Customer Charge								
1	Total Revenues	$ 6,861.751	$ 1,494.546	$ 790.384	$ 985.708	$ 282.098	$ 137.904	$ 249.612	$ 10,802.00
2	Less: Other Revenues	(213.637)	(20.608)	(1.018)	(0.620)	(0.206)	(0.041)	(0.063)	(236.194)
3	Base Revenues	$ 6,648.114	$ 1,473.938	$ 789.367	$ 985.088	$ 281.892	$ 137.863	$ 249.549	$ 10,565.81
	Divided by:								
4	Billing Units	650,688	83,820	3,264	720	36	24		
5		$ 10.22	$ 17.58	$ 241.84	$ 1,368.18	$ 7,830.33	$ 5,744.28		
6	Staff Revenue Requirement Adjustment Factor	0.84061 (1)	0.84061 (1)	0.84061 (1)	0.84061 (1)	0.84061 (1)	0.84061 (1)		
7	Combined Customer Charg	$ 8.65	$ 14.81	$ 203.29	$ 1,149.86	$ 6,582.10	$ 4,828.71		
8	Less: Metering Charge	- (2)	(5.42)	(29.95)	(76.15)	(76.15)	(76.15)		
9	Customer Charge per mon	$ 8.65	$ 9.39	$ 173.34	$ 1,073.71	$ 6,505.95	$ 4,752.56		
10	Revenue Recovery	$ 5,628,451	$ 1,241,374	$ 663,539	$ 827,899	$ 236,956	$ 115,889		$ 8,714,108
11	Staff Customer-related Revenues	$ 5,588,479 (3)	$ 1,239,009 (3)	$ 663,550 (3)	$ 828,076 (3)	$ 236,962 (3)	$ 115,889 (3)		$ 8,671,965
12	Excess/(deficit)	$ 39,972	$ 2,365	$ (12)	$ (177)	$ (6)	$ 0		$ 42,143
	Demand Charge								
13	Total Revenues	$ 9,089.894	$ 3,329.200	$ 3,117.576	$ 4,163.631	$ 1,105.751	$ 624.459	$ 2,019.809	$ 21,430.51
14	Less: Other Revenues	(110.307)	(24.429)	(13.908)	(16.609)	(4.624)	(2.618)	(8.254)	(180.749)
15	Base Revenues	$ 8,979.587	$ 3,304.771	$ 3,103.668	$ 4,147.022	$ 1,101.127	$ 621.841	$ 2,011.555	$ 23,269.57
	Divided by:								
16	Billing Units	605,549,000	280,351,000	865,761	1,750,450	1,739,559	1,077,268		
17		$ 0.0148	$ 0.0118	$ 3.5849	$ 2.3691	$ 0.6330	$ 0.5772		
18	Staff Revenue Requirement Adjustment Factor	0.84061 (1)	0.84061 (1)	0.84061 (1)	0.84061 (1)	0.84061 (1)	0.84061 (1)		
19	Energy or Demand Charge	$ 0.0124 per kWh of Energy	$ 0.0099 per kWh of Energy	$ 3.0135 per kW of Demand	$ 1.9915 per kW of Demand	$ 0.5321 per kW of Demand	$ 0.4852 per kW of Demand		
20	Revenue Recovery	$ 7,508,808	$ 2,775,475	$ 2,608,971	$ 3,486,021	$ 925,619	$ 522,690		
21	Staff Demand-related Revenues	$ 7,548,341 (3)	$ 2,778,028 (3)	$ 2,608,978 (3)	$ 3,486,033 (3)	$ 925,620 (3)	$ 522,727 (3)		
22	Excess/(deficit)	$ (39,534)	$ (2,553)	$ (7)	$ (12)	$ (0)	$ (36)		
21	Customer and Demand Revenue Recovery	$13,137,259	$ 4,016,849	$ 3,272,509	$ 4,313,920	$ 1,162,575	$ 638,579		$ 26,541,692
22	Staff Class Base Revenue Requirement	$13,136,820 (4)	$ 4,017,037 (4)	$ 3,272,529 (4)	$ 4,314,109 (4)	$ 1,162,581 (4)	$ 638,616 (4)		$ 26,541,691
23	Excess/(deficit)	$ 438	$ (187)	$ (19)	$ (189)	$ (6)	$ (36)		$ 1

(1)	Staff Revenue Requirement	$ 28,793,000
	Divided by: Company Revenue Requirement	$ 34,252,458
	= Staff Revenue Requirement Adjustment Factor	0.84061

(2) Unbundled Metering is not currently available to DS-1 customers.
(3) Base Revenues x Staff Revenue Requirement Adjustment Factor
(4) = (Customer-related Base Revenue + Demand-related Base Revenue) x Staff Revenue Conversion Factor

AmerenUE
Delivery Services Rate Design
For the pro forma test year ended December 31, 1999

Line No.		DS-1	DS-2	DS-3	DS-4	DS-4 (HV)	DS-4 (HV 2)	Lighting	Total
	Customer Costs								
1	Rate Base	$ 4,107.35	$ 817.74	$ 196.01	$ 210.45	$ 250.09	$ 90.94	$ 44.51	$ 5,717.09
2	ROR	0.10811	0.10811	0.10811	0.10811	0.10811	0.10811	0.10811	
3	Net Operating Income	$ 444.05	$ 88.41	$ 21.19	$ 22.75	$ 27.04	$ 9.83	$ 4.81	$ 618.07
4	Income Taxes	$ 360.44	$ 71.76	$ 17.20	$ 18.47	$ 21.95	$ 7.98	$ 3.91	$ 501.70
5	Operating and Maintenance Expenses	$ 6,057.27 (1)	$ 1,334.38 (1)	$ 751.99 (1)	$ 944.49 (1)	$ 233.11 (1)	$ 120.09 (1)	$ 240.89 (1)	$ 9,682.23
6	Total Revenues	$ 6,861.75	$ 1,494.55	$ 790.38	$ 985.71	$ 282.10	$ 137.90	$ 249.61	$ 10,802.00
	Demand Costs								
7	Rate Base	$ 17,875.62	$ 6,483.86	$ 6,019.04	$ 8,151.06	$ 2,015.57	$ 1,134.33	$ 4,078.99	
8	ROR	0.10811	0.10811	0.10811	0.10811	0.10811	0.10811	0.10811	
9	Return	$ 1,932.53	$ 700.97	$ 650.72	$ 881.21	$ 217.90	$ 122.63	$ 440.98	$ 4,946.95
10	Income Taxes	$ 1,568.65	$ 568.98	$ 528.19	$ 715.29	$ 176.87	$ 99.54	$ 357.95	$ 4,015.48
11	Operating and Maintenance Expenses	$ 5,588.71	$ 2,059.25	$ 1,938.66	$ 2,567.13	$ 710.97	$ 402.28	$ 1,220.88	$ 14,487.90
12	Total Revenues	$ 9,089.89	$ 3,329.20	$ 3,117.58	$ 4,163.63	$ 1,105.75	$ 624.46	$ 2,019.81	$ 23,450.32
13	Combined Revenue Requirement	$ 15,951.65	$ 4,823.75	$ 3,907.96	$ 5,149.34	$ 1,387.85	$ 762.36	$ 2,269.42	$ 34,252.32

(1) Operating and Maintenance Expenses

14	CUSTOMER-- DISTRIBUTION, CUSTOMER AN	$ 5,045.21	$ 1,111.52	$ 658.83	$ 888.22	$ 193.66	$ 105.11	$ 225.72	$ 8,228.29
15	DEMAND -- DISTRIBUTION, CUSTOMER AN	$ 1,880.21	$ 708.51	$ 684.05	$ 1,006.42	$ 297.86	$ 167.89	$ 454.98	$ 5,199.99
16	CUSTOMER -- DEPRECIATION AND AMORTIZ	$ 559.26	$ 132.28	$ 64.52	$ 21.58	$ 18.50	$ 6.80	$ 10.20	$ 812.03
17	DEMAND -- DEPRECIATION AND AMORTIZ	$ 2,282.06	$ 826.35	$ 763.27	$ 962.09	$ 258.11	$ 145.69	$ 463.92	$ 5,702.63
18	CUSTOMER -- NET RATE BASE	$ 4,107.35	$ 817.74	$ 196.01	$ 210.45	$ 250.09	$ 90.94	$ 44.51	$ 5,721.56
19	DEMAND -- NET RATE BASE	$ 17,875.62	$ 6,483.86	$ 6,019.04	$ 8,151.06	$ 2,015.57	$ 1,134.33	$ 4,078.99	$ 45,754.00
20	REAL ESTATE & PROPERTY TAXES	$ 1,679.06	$ 567.13	$ 488.78	$ 585.22	$ 164.06	$ 90.32	$ 282.53	$ 3,857.10
21	CUSTOMER	$ 313.72	$ 63.52	$ 15.42	$ 14.73	$ 18.11	$ 6.70	$ 3.05	$ 428.72
22	DEMAND	$ 1,365.34	$ 503.61	$ 473.36	$ 570.49	$ 145.95	$ 83.62	$ 279.48	$ 3,428.38
23	CUST. -- DISTRIB., CUST. AND A&G LABOR	$ 1,955.07	$ 419.60	$ 226.65	$ 324.15	$ 46.59	$ 24.29	$ 28.62	$ 3,024.97
24	DEMAND. -- DISTRIB., CUST. AND A&G LABO	$ 858.82	$ 322.02	$ 308.11	$ 456.86	$ 148.34	$ 83.61	$ 334.34	$ 2,512.11
25	PAYROLL TAXES	$ 200.18	$ 47.84	$ 31.20	$ 48.09	$ 11.89	$ 6.57	$ 24.43	$ 370.20
26	CUSTOMER	$ 139.08	$ 27.06	$ 13.23	$ 19.96	$ 2.84	$ 1.48	$ 1.93	$ 202.25
27	DEMAND	$ 61.10	$ 20.77	$ 17.98	$ 28.13	$ 9.04	$ 5.09	$ 22.51	$ 167.96

AMERENCIPS
DELIVERY SERVICES COST OF SERVICE ALLOCATION STUDY
YEAR: 12 MONTHS ENDED DECEMBER 31, 1999

TITLE: SUMMARY ('000's)

	=======	ALLOCATION BASIS	CIPS TOTAL	DS-1	DS-2(sec.)	DS-2(pri.)	DS-3(sec.)	DS-3(pri.)	DS-3(HV)	LTG.	SP. Contract
1	BASE REVENUE		$181,490	$96,794	$23,811	$715	$34,952	$17,280	$1,795	$5,797	$347
2	OTHER REVENUE		$6,230	$3,381	$891	$25	$1,095	$576	$63	$198	$0
3	OTHER RENTS-IL. ONLY		$0	$0	$0	$0	$0	$0	$0	$0	$0
4	OTHER RENTS - IL. ONLY		$0	$0	$0	$0	$0	$0	$0	$0	$0
5											
6	TOTAL OPERATING REVENUE		$187,721	$100,175	$24,702	$741	$36,048	$17,856	$1,858	$5,994	$347
7											
8											
9	TOTAL DISTRIBUTION, CUSTOMER, AND A&G EXPENSES		$80,987	$44,023	$10,029	$294	$15,661	$7,611	$822	$2,427	$121
10	TOTAL DEPRECIATION AND AMMORTIZATION EXPENSES		$35,566	$18,532	$4,909	$146	$6,829	$3,394	$317	$1,362	$77
11	REAL ESTATE AND PROPERTY TAXES		$12,012	$6,269	$1,661	$50	$2,305	$1,148	$109	$444	$26
12	INCOME TAXES		$18,595	$9,828	$2,556	$80	$3,550	$1,800	$193	$549	$39
13	PAYROLL TAXES		$2,171	$1,232	$269	$7	$373	$187	$19	$80	$3
14											
15	TOTAL OPERATING EXPENSES		$149,330	$79,884	$19,424	$577	$28,718	$14,140	$1,460	$4,861	$267
16											
17	NET OPERATING INCOME		$38,390	$20,290.60	$5,277.49	$164.27	$7,330.30	$3,716.84	$397.86	$1,133.00	$79.88
18											
19											
20	GROSS PLANT IN SERVICE		$864,167	$450,965	$119,523	$3,565	$165,821	$82,590	$7,869	$31,965	$1,869
21	RESERVES FOR DEPRECIATION		$380,686	$196,854	$51,978	$1,521	$73,321	$36,032	$3,006	$17,114	$860
22											
23	NET PLANT IN SERVICE		483,480	254,111	67,545	2,044	92,500	46,558	4,863	14,851	1,009
24											
25											
26	MATERIALS & SUPPLIES - FUEL		$0	$0	$0	$0	$0	$0	$0	$0	$0
27	MATERIALS & SUPPLIES -LOCAL		$7,635	$3,984	$1,056	$31	$1,465	$730	$70	$282	$17
28	CASH WORKING CAPITAL		$4,846	$2,634	$600	$18	$937	$455	$49	$145	$7
29	CUSTOMER ADVANCES & DEPOSITS		($3,326)	($1,015)	($1,396)	$0	($744)	($170)	$0	($2)	$0
30	ACCUMULATED DEFERRED INCOME TAXES		($98,728)	($51,521)	($13,655)	($407)	($18,945)	($9,436)	($899)	($3,652)	($214)
31											
32	TOTAL NET ORIGINAL COST RATE BASE		$393,908	$208,194	$54,150	$1,686	$75,213	$38,137	$4,082	$11,625	$820
33											
34	RATE OF RETURN		9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%

AMERENUE

DELIVERY SERVICES COST OF SERVICE ALLOCATION STUDY

YEAR: 12 MONTHS ENDED DECEMBER 31, 1999

TITLE: SUMMARY

	=======	ALLOCATION BASIS	UE TOTAL	DS-1	DS-2	DS-3	DS-4	DS-4 (HV)	DS-4 (HV-2)	LIGHTING
1	BASE REVENUE		$33,835.478	$15,627.701	$4,778.709	$3,893.035	$5,132.110	$1,383.019	$759.704	$2,261.103
2	OTHER REVENUE		$416.943	$323.944	$45.037	$14.925	$17.229	$4.830	$2.659	$8.318
3	OTHER RENTS-IL. ONLY		$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
4	OTHER RENTS - IL. ONLY		$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
5										
6	TOTAL OPERATING REVENUE		$34,252.421	$15,951.645	$4,823.747	$3,907.960	$5,149.339	$1,387.849	$762.363	$2,269.421
7										
8										
9	TOTAL DISTRIBUTION, CUSTOMER, AND A&G EXPENSES		$13,428	$6,925	$1,820	$1,343	$1,895	$492	$273	$681
10	TOTAL DEPRECIATION AND AMMORTIZATION EXPENSES		$6,515	$2,841	$959	$828	$984	$277	$152	$474
11	REAL ESTATE AND PROPERTY TAXES		$3,857	$1,679	$567	$489	$585	$164	$90	$283
12	INCOME TAXES		$4,517	$1,929	$641	$545	$734	$199	$108	$362
13	PAYROLL TAXES		$370	$200	$48	$31	$48	$12	$7	$24
14										
15	TOTAL OPERATING EXPENSES		$28,687	$13,575	$4,034	$3,236	$4,245	$1,143	$630	$1,824
16										
17	NET OPERATING INCOME		$5,565	$2,377	$789	$672	$904	$245	$132	$446
18										
19										
20	GROSS PLANT IN SERVICE		$150,511	$65,520	$22,130	$19,073	$22,836	$6,402	$3,524	$11,025
21	RESERVES FOR DEPRECIATION		$88,139	$38,919	$13,036	$11,399	$12,885	$3,699	$2,058	$6,142
22										
23	NET PLANT IN SERVICE		62,372	26,601	9,094	7,674	9,951	2,703	1,466	4,883
24										
25										
26	MATERIALS & SUPPLIES - FUEL		$0	$0	$0	$0	$0	$0	$0	$0
27	MATERIALS & SUPPLIES -LOCAL		$1,135	$494	$167	$144	$172	$48	$27	$83
28	CASH WORKING CAPITAL		$464	$239	$63	$46	$65	$17	$9	$24
29	CUSTOMER ADVANCES & DEPOSITS		($679)	($207)	($285)	($152)	($35)	$0	$0	($0)
30	ACCUMULATED DEFERRED INCOME TAXES		($11,817)	($5,144)	($1,738)	($1,497)	($1,793)	($503)	($277)	($866)
31										
32	TOTAL NET ORIGINAL COST RATE BASE		$51,476	$21,983	$7,302	$6,215	$8,362	$2,266	$1,225	$4,123
33										
34	RATE OF RETURN		10.811%	10.811%	10.811%	10.811%	10.811%	10.811%	10.811%	10.811%